

Message Text

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PAGE 01 TEHRAN 07543 041337Z

44

ACTION NEA-10

INFO OCT-01 ARA-06 EUR-12 ISO-00 FEA-01 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 EB-07 FRB-03 H-02 INR-07

INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

CIEP-01 SS-15 STR-04 TAR-01 TRSE-00 USIA-06 PRS-01

SP-02 OMB-01 OPIC-03 XMB-02 /114 W

----- 068153

R 041217Z AUG 75

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 2833

INFO AMEMBASSY BONN

AMEMBASSY BRASILIA

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY/DUBLIN 24

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION EC BRUSSELS

OECD PARIS

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E.O.: 11652: N/A

TAGS: EINV, ENRG, ETRD, IR, GW, EEC

SUBJECT: IRAN/FRG ECONOMIC RELATIONS

REF: TEHRAN 3641 OF MAY 7, 1974

1. SUMMARY: SECOND MEETING OF IRAN/FRG COOPERATION COM-
MISSION RESULTED IN NO NEW JOINT VENTURE AGREEMENTS. THE
GERMANS EXPRESSED THEIR STRONG CONCERN ABOUT THE IRANIAN
SCHEME FOR EXPANDING WORKERS OWNERSHIP OF INDUSTRIAL SHARES,
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PAGE 02 TEHRAN 07543 041337Z

AND ECONOMIC MINISTER FRIEDRICHS SPOKE OUT STRONGLY

AGAINST OIL AND OTHER RAW MATERIAL INDEXATION. GERMAN EMBASSY SOURCE DENIES ALLEGED FRG BACKING FOR AN IRAN/EEC PREFERENTIAL ARRANGEMENT. END SUMMARY

2. SECON MEETING OF JOINT IRANO/GERMAN ECONOMIC COOPERATION COMMISSION HELD IN TEHRAN, JULY 29-31, ENDED WITH ANNOUNCEMENT OF \$5.5 BILLION TO BE INVESTED IN JOINT PROJECTS BOTH BOTH SIDES. WEST GERMAN EMBASSY ECONOMIC/COMMERCIAL COUNSELOR GANSAUER INFORMED EMBOFF THAT, AS USUAL, ALL POSSIBLE JOINT VENTURES, EITHER ALREADY UNDERWAY OR AT VARIOUS PLANNING STAGES, WERE TALKED ABOUT AT MEETING AND TOTALLED TO ARRIVE AT THIS FIGURE. HE SAID THE IRANIANS HAD INSISTED ON INCLUDING THE LONG AGO PROPOSED 500,000 BPD OIL REFINERY WHICH MAY BE CONSTRUCTED AT BUSHIRE, A PROJECT THEY THINK IS MUCH MORE LIKELY FINALLY TO BE REALIZED THAN DO THE GERMANS.

3. OFFICIAL GOI PRESS RELEASE REFERRED TO GERMAN PARTICIPATION IN THE IRON AND STEEL INDUSTRY, ATOMIC POWER PLANTS, AND ESTABLISHMENT OF CONSULTING ENGINEERING FRIMS, ALL OF WHICH HAVE BEEN UNDERWAY FOR SOME TIME AND PREVIOUSLY REPORTED. IT ALSO MENTIONED POSSIBLE AGREEMENTS BETWEEN GERMAN COMPANIES AND THE GOI INDUSTRIAL DEVELOPMENT AND RENOVATION ORGANIZATION FOR MANUFACTURE OF TEXTILE AND OTHER HEAVY MACHINERY AND ESTABLISHMENT OF A SHIPYARD FOR CONSTRUCTION OF FISHING AND OTHER SMALL VESSELS. POSSIBLE AGRO-BUSINESS JOINT VENTURES AND GERMAN COOPERATION IN IMPROVING THE IRANIAN TRANSPORT SYSTEM ALSO WERE MENTIONED PROMINENTLY. GANSAUER SAID NO NEW PROJECTS WERE AGREED UPON AT THE MEETING.

4. THE OFFICIAL GOI PRESS RELEASE ALSO NOTED AN EXPRESSION OF "SATISFACTION" BOTH SIDES ON ESTABLISHMENT OF A JOINT IRAN/GERMAN COMPANY IN BRAZIL AND POSSIBLE JOINT COOPERATION IN OTHER COUNTRIES. GANSAUER SAID THE DEAL IN BRAZIL IS BEING WORKED OUT PRIVATELY BY THE IRAN/KRUPP JOINT VENTURE, AND HE PROFESSED TO NOT BEING INFORMED OF THE PRECISE STATE OF THE NEGOTIATIONS.

5. THE IRANIAN PRESS MADE MUCH OVER DISCUSSION BY THE TWO LIMITED OFFICIAL USE

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PAGE 03 TEHRAN 07543 041337Z

SIDES OF THE SCHEME FOR BROADENING OWNERSHIP OF IRANIAN INDUSTRY BY DIVESTING SHARES TO WORKERS, FARMERS, AND THE GENERAL PUBLIC (TEHRAN A-163). GANSAUER SAID THE GERMAN SIDE HAD MADE THE POINT EMPHATICALLY THAT THE SCHEME IS RAISING QUESTIONS AMONG PROSPECTIVE GERMAN INVESTORS ABOUT THE WISDOM OF MAKING LARGE COMMITMENTS IN IRAN. HE SAID THE IRANIANS REPLIED WITH GENERAL ASSURANCES THAT FOREIGN INVESTMENT IN THIS COUNTRY IS AS WELCOME AS EVER, BUT THEY

WERE EVASIVE WHEN PRESSED FOR SPECIFIC ANSWERS ABOUT HOW THE SCHEME WILL OPERATE.

6. TEHRAN PRESS REPORTED VERY STRONG STATEMENTS BY THE HEAD OF THE GERMAN DELEGATION, MINISTER OF ECONOMIC AFFAIRS HANS FRIEDRICHS, AGAINST ANY SCHEME FOR INDEXING THE PRICE OF OIL AND OTHER RAW MATERIALS TO THAT OF THE PRICES OF INDUSTRIAL GOODS IN OTHER COUNTRIES. GANSAUER SAID THE MINISTER'S STATEMENTS WERE REPORTED ACCURATELY.

7. THE OFFICIAL GOI PRESS RELEASE MENTIONED GERMAN BACKING FOR CONCLUSION OF A PREFERENTIAL AGREEMENT BETWEEN IRAN AND THE EEC. GANSAUER SAID THE GERMAN DELEGATION HAD RECEIVED THE PREDICTED STRONG PRESSURE FROM THE IRANIANS ON THIS POINT, BUT HE CLAIMED THEY HAD GONE NO FARTHER THAN GENERAL ASSURANCE TO THE GOI DELEGATES THAT THE FRG SUPPORTS AN OUT-COME AGREEABLE TO BOTH SIDES AND HOPES THAT CURRENT TECHNICAL-LEVEL NEGOTIATIONS GOING ON BETWEEN IRAN AND THE EEC WILL BE FRUITFUL. (TEHRAN 4597)
HELMS

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COMMITTEE MEETINGS, INTERGOVERNMENTAL COOPERATION, JOINT VENTURES
Control Number: n/a
Copy: SINGLE
Draft Date: 04 AUG 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975TEHRAN07543
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750268-0659
From: TEHRAN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750883/aaaacvtd.tel
Line Count: 135
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 TEHRAN 3641
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 21 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <21 APR 2003 by CunninFX>; APPROVED <22 APR 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: IRAN/FRG ECONOMIC RELATIONS
TAGS: EINV, ENRG, ETRD, IR, GE, EEC
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006